

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 L-03 SSO-00 INRE-00

CIAE-00 INR-07 NSAE-00 COME-00 TRSE-00 OMB-01 AID-05

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EB/IFD/OIA:DHSTEBBING

NEA/PAB:DARCHARD

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FM SECSTATE WASHDC

TO AMEMBASSY DACCA IMMEDIATE

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FROM OPIC

E.O. 11652:N/A

TAGS:EFIN , EINV

SUBJECT:BELBAGCO

REF: DACCA 5831

1. OPIC IS ENCOURAGED BY INDUSTRIES SECRETARY HAQ'S NOVEMBER 10, 1976 LETTER CONCERNING BELBAGO TRANSMITTED IN REFTEL, BUT IS APPREHENSIVE ABOUT THE CONDITIONS PRECEDENT TO NEGOTIATIONS FOR A SETTLEMENT OF THE CLAIM AND THE PROSPECT OF PROTRACTED NEGOTIATIONS EVEN IF THESE CONDITIONS ARE MET.

2. OPIC'S EVALUATION OF HAQ'S NOVEMBER 10 LETTER WOULD BE ASSISTED BY CLARIFICATION OF THE FOLLOWING POINTS:

(A) EACH OF THE TWO WEST PAKISTANI CITIZENS WHO WERE LIMITED OFFICIAL USE

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ISSUED QUALIFYING SHARES OF PAKISTAN (BANGLADESH) FABRIC

CO. ("BFC") EXECUTED DECLARATIONS OF TRUST SPECIFYING THAT BELBAGCO WOULD POSSESS ALL BENEFICIAL INTEREST IN SUCH SHARES AND THAT THE HOLDERS OF THESE TWO SHARES OF STOCK

WOULD ACT ONLY AS TRUSTEES. OPIC HAS ALREADY TRANSMITTED THE ORIGINAL SHARE CERTIFICATES IN QUESTION TO MR. BORN IN THE UNCLASSIFIED POUCH AND IS UNDERTAKING TO OBTAIN THE ORIGINAL DECLARATIONS OF TRUST FOR SUCH SHARES.

ALSO OPIC WILL ATTEMPT TO OBTAIN THE ORIGINAL OR A CERTIFIED COPY OF BFC'S CORPORATE STOCK LEDGER BOOK THAT COULD BE OFFERED AS PROOF THAT THE BDG HAS BEEN GIVEN ALL OF THE OUTSTANDING STOCK OF BFC. THE AVAILABILITY OF THE ORIGINAL DECLARATIONS AND A COPY OF BFC'S LEDGER BOOK HAS NOT YET BEEN CONFIRMED AND SHOULD NOT BE PROMISED AT THIS TIME, BUT ASSUMING THAT AT LEAST CERTIFIED COPIES OF THE DECLARATIONS CAN BE FURNISHED THE BDG, WOULD THE FIRST CONDITION OF HAQ'S LETTER NOT BE SATISFIED? IF NOT WHAT MORE WOULD THE BDG REQUIRE?

(B) OPIC IS NOT IN THE POSITION TO EXECUTE THE KIND OF INDEMNITY BOND REFERRED TO IN HAQ'S LETTER BUT IT WOULD APPEAR THAT THE SAME OBJECTIVE COULD BE SERVED BY A FORMAL RELEASE BY ALL OF THE FORMER STOCKHOLDERS OF BFC, OR BY THE FORMER MANAGEMENT OF THE COMPANY, OR BOTH, WHEN A

SETTLEMENT IS REACHED. THE BDG SHOULD BE AS FULLY PROTECTED BY SUCH A RELEASE AS IT WOULD BE FROM A RELEASE BY OPIC ITSELF WITH RESPECT TO ITS INTEREST IN THE CLAIM.

(C) THE THIRD CONDITION SUGGESTS THAT THE BDG IS WILLING TO PAY COMPENSATION ONLY IN LOCAL CURRENCY. HOWEVER, A.B.M. GHULAM MOSTAFA, FORMER INDUSTRIES SECRETARY AND PRESENTLY THE SECRETARY OF THE MINISTRY OF INFORMATION AND BROADCASTING, IN A MEETING HELD IN OPIC'S OFFICES TODAY, INDICATED THAT THE BDG HAS A FIRM POLICY OF PAYING COMPENSATION TO FOREIGN COMPANIES IN FOREIGN EXCHANGE. HE INDICATED THAT HAQ INTENDED TO REQUIRE ONLY THAT THE U.S. DOLLARS RECEIVED IN SETTLEMENT OF THE BELGACO CLAIM SHOULD BE USED IN BANGLADESH. THIS POINT OBVIOUSLY MUST LIMITED OFFICIAL USE

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BE CLARIFIED.

3. ONCE CLARIFICATION OF THE HAQ LETTER IS OBTAINED, OPIC WILL TRANSMIT A SUGGESTED REPLY TO IT. ROBINSON

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